GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:71
ANSWERED ON:02.03.2007
STATUTORY LIQUIDITY RATIO
Tripathy Shri Braja Kishore

Will the Minister of FINANCE be pleased to state:

(a) whether ihe Government has empowered the Reserve Bank of India to cut statutory liquidity ratio below the current limit; and;

(b) if so, the details thereof and the reasons therefor?

Answer

FINANCE MINISTER(SHRI P. CHIDAMBARAM)

(a)&(b): In the wake of the developments in the banking and financial prp sector and soiiring demand of credit, Government considered it necessary to give more operational flexibility to RBI in the conduct of the monetary policy. As such amendment to Section 24 of the Banking Regulation Act, 1949 to remove the ex:.sting floor of 25% while retaining the ceiling of 40% had become necessary. Government has therefore, issued the Banking Regulation (Amendment) Ordinance, 2007 on January 23rd empowering RBI to specify Statutory Liquidity Ratio (SLR) without any floor.